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To: Doug Nelson Date: January 5, 1990  
From: Charles Finch  
Subject: REGION 3 - DRS WEEKLY HIGHLIGHTS

**TEST BRANDS**

Marlboro Ultra Lights - Nashville, TN

- ° The Marlboro Ultra Lights with the red roof and white filter continues in the Nashville market. Current share is in excess of 2 share points and growing. Low inventory problems continuing to be addressed and, for the most part, are resolved. Retailers are becoming more familiar with sales patterns and order requirements.
- ° In my opinion, the red roof and white filter is the best combination and would probably generate more incremental business than the other packings being tested. It is very evident that should we choose to introduce Marlboro Ultra Lights, there is no question of our ability to gain incremental sales. It is also very evident that cannibalization is very high against Marlboro Lights.

Bucks - Birmingham, AL

Two packings of Bucks being tested in the Birmingham market with the wholesale sell-in virtually complete. Reports indicate 90% of direct and non-direct accounts have accepted, with pending accounts being recontacted on a regular basis. Prebooking activities went reasonably well, however, I was somewhat disappointed in the quantities being booked per store. Retail coverage began on Thursday, January 4 and I am convinced that our sales force will give this test product every opportunity to sell. There is some shortage of materials being experienced, however, the POS Hotline is being used and most of our problems are being resolved.

Next - Omaha, NE

This low nicotine product received excellent trial during the early stages of the test program. It since has, however, steadily declined in sales as most consumers are not satisfied with the taste. It appears the no nicotine idea is very good, however, we must provide satisfying taste if we expect success from this product.

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**VALUE BRANDS**Cambridge

- ° The Bag It promotion is being well received and supermarkets like this promotion much better than the Big Bucks promotion recently concluded.
- ° Inventories have steadily grown and, in most accounts, are adequate to meet demands.
- ° The pricing situation is much improved throughout the Region and will remain a primary goal throughout 1990.
- ° Cambridge experiencing some slippage in markets like Oklahoma, Arkansas, Southern Illinois, Missouri, etc., where Reynolds is using \$2.50 coupons on Doral.

Alpine

Even though our \$2.00 and \$3.00 coupons generated some incremental business, it still appears that Alpine is a package product. I strongly recommend that most of our promotions for 1990 should be on behalf of package sales. I am confident that in order to further develop Alpine, we must create additional awareness and trial.

SUB-GENERIC / BRISTOL

- ° Targeted direct accounts have accepted at a rate of approximately 87%. We are following up closely where decisions are pending.
- ° Prebooking activities were exceptional and large quantities were booked in outlets that do well with the sub-generic category. Mass displays, to include numerous end aisles were arranged.
- ° The entire sales organization is well aware of our pricing responsibility to ensure that every consumer understands the price differential between Bristol and other products.

Bristol Management Account Acceptance

	Wholesalers/ Wholesale Grocers	Direct/Non-Direct Retail Chains
# Targeted Accts.	318	268
# Contacted	304	192
# Contacted/Accepted	95.6%	71.6%

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**COMPETITIVE ACTIVITY****R. J. Reynolds**

- ° In selected markets, using \$2.50 Doral coupons to counter Bristol and other sub-generic brands. This couponing having some effect on Cambridge sales.
- ° Presenting 1990 Direct Account Incentive program (Winners). The trade, for the most part, is very receptive. Their program, like ours, will require considerable effort on behalf of direct accounts in order to maximize earning potential.
- ° \$1.00 coupons being used on major brands, both for displays and carton rack inventory.

**BUSINESS DEVELOPMENT**

Listed below are chain accounts signed to Plan R during this reporting period:

- . Furr's Supermarkets, Lubbock, TX (100 stores)
- . Venture (Mass Merchandiser), St. Louis, MO (66 stores)
- . Kroger, Memphis (102 stores)
- . McCarty Holman, Jackson, MS (66 stores)
- . Falley's, Topeka, KS (23 stores)
- . Dillon/Gerbs, Springfield, MO (21 stores)
- . Dillons, Hutchinson, KS (61 stores)

These accounts, along with both chain and independent accounts previously signed, brings the Region 3 total to approximately 2,200 stores participating in our package rack program.

I have asked each Section Director on next week's recap to give me an exact total of independents and chains that have signed a Plan R agreement for package fixturing.

I congratulated the entire sales organization for their outstanding efforts on behalf of our fixturing program during the last two months of 1989.

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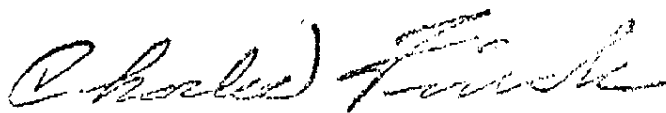
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**OTHER KEY ISSUES**Masters

The 1990 Masters Program has been presented to virtually every account. Section Directors report some 20 accounts have not received a formal presentation, however, presentations will be made prior to January 15.

I have received several calls from direct accounts who feel that our requirements are too demanding for the 1990 program. Several accounts have indicated that they simply do not have the time to work all the programs effectively that we require.

- Tony Johnson reports that supplemental drafts for Bristol and Cambridge Bag It Promotions were sent to the field without a cover letter. He was implying that, in some cases, our sales organization may not understand the use of the supplemental drafts being received.



Charles Finch

CRF:lmw

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